



NEWS RELEASE

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SBA RECEIVES TOP RATING FROM OUTSIDE AUDITORS FOR FOURTH STRAIGHT YEAR

WASHINGTON – Administrator Aida Alvarez of the U.S. Small Business Administration (SBA) today announced that for the fourth year in a row the SBA has received an “unqualified” opinion for its 1999 financial statements. This is the highest rating possible for an independent audit by outside certified public accountants.

“This is great news for our agency, for the taxpayers, and for the small businesses that turn SBA support into economic growth and new jobs,” Administrator Alvarez said. “This continuing recognition of the strength of SBA’s financial condition, and the accuracy and integrity of its financial records, are the results of a broad effort to improve our program management.

“We are proud to be the only federal credit agency to ever receive four unqualified opinions in a row,” she said. “It tells us that we are continuing to fulfill our public mission with minimal risks to the taxpayers.”

SBA’s Chief Financial Officer, Joseph P. Loddo said: “The 1999 financial audit has been completed in a timely manner and provides us with an invaluable view of our operations from an outsider’s point of view. This tells us that with respect to the safety and soundness of our program management, SBA’s fiscal house is in order and our financial foundations are solid.”

Since the passage of the Chief Financial Officers Act of 1990, the SBA has produced annual financial statements and been subjected to a financial audit by Cotton & Co., an independent accounting firm under the direction of SBA’s Office of the Inspector General.

SBA received its first “unqualified opinion” – the highest rating in a financial audit – on its FY 1996 financial statements. SBA was the first federal credit agency to receive this high mark. Since that time, SBA has continued to receive the same high mark, receiving an unqualified opinion on its FY 1997, its FY 1998 and now its FY 1999 financial statements.

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The Chief Financial Officers Act of 1990 strengthened the role of financial management across the federal government. Under the annual audit regimen, federal agencies must undergo close scrutiny of all financial transactions and controls using standards similar to those employed by the private sector. Receiving an unqualified opinion from its audit attests to the fact that SBA's financial records are sound and that Congress and the public can rely on the information contained in SBA's financial statements.

In addition, beginning in 1998, under Administrator Alvarez's financial stewardship, the SBA started implementing the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system of internal controls, along with other improvements to strengthen credit program risk management, lender oversight and credit subsidy model management.

SBA undertook this effort in recognition of its changing role as a major federal credit agency managing a \$50 billion portfolio of loans. The SBA is confident that these control actions will place it at the forefront of the federal government in terms of strengthening its internal control environment, in order to maintain the safety and soundness of the SBA's growing loan portfolio.

For more information on all of SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

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